

Kentucky Agricultural Development Board

Meeting Minutes

May 17, 2002

The Kentucky Agricultural Development Board met on Friday, May 17, at 10:00AM in the Brown-Forman Room of the Kentucky History Center in Frankfort. Harvey Mitchell, Designee for Commissioner Billy Ray Smith called the meeting to order, and the secretary called the roll.

Members Present:

Harvey Mitchell, Designee for Commissioner Billy Ray Smith, Vice Chairman; John-Mark Hack, Executive Director; Vickie Yates Brown; Daniel Case; Susan Harkins; Wayne Hunt; Sam Lawson; Dean Scott Smith; Sam Moore; Willa Poynter; Mike Slaughter; and Smith Mitchell designee for Secretary Gene Strong.

Members Absent:

Governor Paul E. Patton, Chairman; Larry Clay; Seth Conner; and Eddie Sellers.

Others Present:

Bruce Metzger, Kentucky Sheep & Wool Producers; Ed Nelson and Martin Richards, Community Farm Alliance; Chuck Wolfe, Associated Press; Sara Dryden, Burley Co-op; and Brad Wellons, Legislative Research Commission.

Staff Present:

David Bratcher, Penny Cline, Gordon Duke, Sandra Gardner, DeVon Hankins, Bruce Harper; Jeff Harper, Rhodes Johnston, Kara Keeton; Bill McCloskey, Chauncey Morris; Jeff Mosley, Lisa Thomas, Kim Tompkins, Angela Utterback; and Stephen Yates.

Notification of Media:

Mr. Mitchell received verification from John-Mark Hack that the media had received sufficient notice regarding the ADB meeting.

Minutes of April Meeting:

The minutes of the April 19, 2002 meeting were approved as presented.

Executive Director's Report:

John-Mark Hack, Executive Director, reviewed the day's agenda and presented his monthly report as follows:

This report provides information regarding ADB staff activity in market development, outreach and communications. It also presents an idea of future structure for the ADB in a post-Patton administration for board consideration and discussion. All of this activity is presented in the context of staff work toward implementation of the long-term plan for agricultural development.

ACTIVITY HIGHLIGHTS SINCE APRIL BOARD MEETING

- 4/22-24/02: Participation in and presentation to the W.K. Kellogg Food and Society conference in Denver, Colorado. National audience learned of Kentucky's comprehensive approach to agricultural development.
- 4/29/02: Convened meeting of local meat processors and producers who are and/or want to finish, process and market their own meat products. Discussion focused on identification of common needs and initial development of a plan to address current meat processing needs through existing resources.
- 5/1/02: Meeting with National Governor's Association Best Practices Staff to invite other tobacco states to a Rural Development and Health Summit. NGA agrees to co-sponsor meeting, to be held in early October.
- 5/3/02: Meeting with Conservation District Director Steve Coleman regarding local districts internal audit. Board needs to approve use of local administrative dollars for offsetting part of audit costs of local districts handling Phase I funds.**

Sam Lawson moved with a second from Willa Poynter that the board approve the request. The motion passed by voice vote.

- 5/7/02: Meeting with Sysco-Louisville President/CEO Peter Scatamacchia and Executive VP Steven Hocker to discuss role of food service industry in Kentucky's market development efforts.
- 5/13-14/02: Alltech Agribusiness Summit and Feed Industry Symposium. Meeting of over 1000 individuals from 65 different countries.
- 5/15/02: Meeting with Castellini-KY President Bill Schuler to discuss role of major wholesalers in produce market development efforts.
- 5/15/02: Visits to potential project sites in Licking River Valley area, including one site in Mason and two sites in Bracken to further our efforts to target this heavily tobacco dependent area.

UPCOMING ACTIVITY

- 5/19-21/02: Phase II summit meeting with JP Morgan/Chase and representatives of other 13 states party to National Tobacco Growers Settlement Trust.

- 5/24/02: Owensboro Grain – biodiesel project review
- 5/28/02: Center for Cooperative Development Board of Directors meeting. Larry Snell hired as Center director.
- 6/9-13/02: BIO-2002. Travel to Toronto as co-sponsor of Kentucky's delegation to the Biotechnology Industry Organization annual meeting expected to attract an international audience of over 15,000. We will be exhibiting, hosting a breakfast, and touring Canadian Agricultural Biotech facility with Governor Patton.
- 6/17-18/02: Burley Marketing Association meeting in South Carolina.

UPCOMING BOARD MEETINGS:

- May 29, 2002: Capital Access Committee Meeting, Elizabethtown?
- June 14, 2002: Project Review Committees, Frankfort
- June 21, 2002: Board Meeting, Frankfort
- July 12, 2002: Project Review Committees, Frankfort
- July 18, 2002: UK Field Day – Princeton?
- July 19, 2002: Board Meeting, Princeton?
- August 9, 2002: Project Review Committees, Frankfort
- August 16, 2002: Board Meeting, in Louisville, at the State Fair.
We will be exhibitors at the state fair this year. If you would like accommodations in Louisville for the meeting, please contact Kara Keeton as soon as possible. We would welcome board member participation in our exhibit area.

FUTURE ORGANIZATIONAL STRUCTURE IDEAS:

Staff is currently working on a proposal that would restructure and permanently establish the ADB as an independent agency, changing the name to the Kentucky Agricultural Development Corporation. Following is the proposed structure currently being considered for development in the proposal:

Kentucky Agricultural Development Corporation
 Independent agricultural finance agency
 Agricultural Development Board
 Center for Agricultural Development and Entrepreneurship
 Agricultural Finance Corporation
 Phase II Board

ADVANTAGES:

- ~~/s/~~ Permanent, independent, consolidated organization
- ~~/s/~~ Provides for continuity of staff and programming between administration changes
- ~~/s/~~ Establishes identity, reduces confusion
- ~~/s/~~ Houses ADB, Ag Finance in same entity, improving coordination of programming.

Full proposal being developed for presentation to June or July board meeting.

RESEARCH AND DEVELOPMENT

Biotechnology Research and Education Initiative. Brochure describing program. Multi-Disciplinary approach to public education regarding biotechnology, implications, Consequences, benefits.

Draft proposal to fully develop effort, involving a significant financial request. Working with applicants to flesh out draft proposal for delivery in our proposal format and consideration by full board.

PROGRAM EVALUATION

Staff is working on a proposal to jointly fund independent evaluation of ADB Programs.

UK proposal: Premier Feeder Cattle Initiative – simultaneous evaluation, coordination of our systematic approach to cattle improvement. Working with applicants to fully flesh out proposal and deliver in standard application format.

Referred to Project Review: Application Numbers 20330- 20399:

Sam Moore moved with a second from Mike Slaughter that projects numbered 20330 - 20399 be referred to Project Review Committees. The motion passed without objection.

<i>Appl #</i>	<i>Project Name</i>
20330	Cumberland Farm Products Assoc., Inc.
20331	Russell Co. Cattleman's Association & DHIA
20332	Jackson Purchase Foundation, Inc.
20333	Jackson Purchase Foundation, Inc.
20334	Jackson Purchase Foundation, Inc.
20335	Jackson Purchase Foundation, Inc.
20336	Jackson Purchase Foundation, Inc.
20337	Smith-Berry Vineyard and Winery, Inc.
20338	Edward Ayer, Carol Howard & Rodney Howard
20339	Southern Ky Aquaculture Cooperative Inc.
20340	Western Ky Goat Assoc., Inc.
20341	Butler Co. Soil Conservation District
20342	Green River Area Beef Improvement Group, Inc.
20343	Pulaski Co. Bull Genetics
20344	Kentucky Wool Society LLC

20345	Scott Co. Beef Improvement Assoc.
20346	Cumberland Gap Goat Producers Assoc.
20347	Cumberland Gap Goat Producers Assoc.
20348	Caldwell Co. Conservation District
20349	Caldwell Co. Farm Bureau
20350	Caldwell-Lyon Co. Cattlemen's Assoc.
20351	Caldwell Co. Conservation District
20353	Washington Co. Forage Committee
20357	Kentucky Wool Society LLC
20358	Clark Co. Conservation District
20359	Mason Co. Fiscal Court
20360	McCreary Co. Ag. Development Board
20361	McCreary Co. Ag. Development Board
20362	McCreary Co. Ag. Development Board
20363	McCreary Co. Ag. Development Board
20364	Victoria Stommel
20365	Cumberland Co. Ag. Development Board
20366	Cumberland Co. Farm Bureau
20367	Green River Area Beef Improvement Group
20368	Owensboro Community College
20369	Progressive Beef LLC
20370	Wimsatt Bros.
20371	USA Ostrich Premium Products Assoc.
20372	Grayson County Cattlemen's Assoc.
20373	Green River Area Development District
20374	Specer Co. Meat Goat Producers
20375	Spencer Co. Fire Protection
20376	Carroll Co. Agricultural Development Fund, Inc.
20377	Carroll Co. 4-H Council
20378	Appalachia--Science in the Public Interest
20379	Magoffin Co. Ag. Dept./FFA Program
20380	Carlisle Co. Schools
20381	River Hills Cattlemen's Assoc.
20382	River Hills Cattlemen's Assoc.
20383	River Hills Cattlemen's Assoc.
20384	Jessamine County Beef Cattle Assoc.
20385	Best Family Farms
20386	Kentucky Heritage Meats
20387	Adair Co. Cattlemen's Assoc.
20388	Garrard Co. High School Ag. Dept.
20389	Grant Co. Ag. Diversification Council
20390	Western Kentucky University Research Foundation
20391	Carroll County Agricultural Development Fund, Inc.
20392	Kentucky Heritage Meats
20393	Clark County Livestock & Forage Council
20394	Lyon County Fiscal Court
20395	Caldwell-Lyon Cattlemen's Association
20396	Sheltowee LLC
20397	Western Kentucky University Research Foundation
20398	Adair County Cattleman's Association
20399	Metcalfe County Cattlemen's Association

Approved Model Programs

Mr. Hack advised that the following counties had applied for county funds to participate in County Model Programs and that staff recommended funding.

Cattle Handling

Mike Slaughter moved with a second from Susan Harkins that the board approve the following Cattle Handling Model Program applications. The motion passed by voice vote.

<i>County</i>	<i>Appl #</i>	<i>Project Name</i>	<i>CountyFunds</i>
Bullitt	20264	Bullitt County Cattlemen's Assoc.	\$25,000.00
Carter	20247	Carter County Agriculture Advancement Council	\$78,750.00
Clark	20238	Clark County Livestock & Forage Council	\$103,000.00
Clay	20259	Kentucky Ketch, Inc.	\$50,000.00
Green	20324	Green County Cattlemen's Assoc, Inc.	\$78,000.00
Greenup	20272	Greenup County Farm Bureau	\$84,000.00
Jessamine	20313	Jessamine County Beef Cattle	\$74,000.00
Lawrence	20302	Agriculture Advancement & Economic Council	\$36,500.00
Menifee	20262	Menifee County Conservation District	\$38,000.00
Nelson	20275	Nelson County Beef Cattle Assoc.	\$100,000.00
Todd	20298	Todd County Cattle Handling Facilities	\$18,000.00

Summary for 'ProgramorDescription' = Cattle Handling (11 detail records)

Sum \$685,250.00

Diversification

Wayne Hunt moved with a second from Mike Slaughter that the board approve the following Diversification Model Program applications. The motion passed by voice vote.

<i>County</i>	<i>Appl #</i>	<i>Project Name</i>	<i>CountyFunds</i>
Gallatin	20296	Gallatin Co. Agricultural Diversification Council, Inc.	\$100,000.00
Hancock	20320	Green River Area Development District	\$25,000.00
Hardin	20308	Hardin County Extension District Board	\$86,735.00
Harrison	20189	Harrison County Beef Cattle Assoc.	\$256,500.00
Mercer	20258	Mercer County Farm Bureau	\$20,000.00
Owsley	20256	Owsley County Conservation District	\$41,200.00
Robertson	20323	Buffalo Trace ADD	\$80,000.00
Washington	20245	Washington Co. Herd Improvement Assoc.	\$101,000.00

Summary for 'ProgramorDescription' = Diversification (8 detail records)

Sum \$710,435.00

Fallen Animal

Dean Smith moved with a second from Danny Case that the board approve the following Fallen Animal Model Program applications. The motion passed by voice vote.

<i>County</i>	<i>Appl #</i>	<i>Project Name</i>	<i>CountyFunds</i>
Nelson	20274	Nelson County Fiscal Court	\$20,000.00

Summary for 'ProgramorDescription' = Fallen Animal (1 detail record)

Sum \$20,000.00

Forage

Danny Case moved with a second from Susan Harkins that the board approve the

following Forage Model Program applications. The motion passed by voice vote.

<i>County</i>	<i>Appl #</i>	<i>Project Name</i>	<i>CountyFunds</i>
Bullitt	20266	Bullitt County Cattlemen's Assoc.	\$25,000.00
Christian	20289	Christian Co. Conservation District	\$60,000.00
Hopkins	20318	Hopkins County Livestock Association, Inc.	\$7,700.00

Summary for 'ProgramorDescription' = Forage (3 detail records)

Sum \$92,700.00

Genetic Improvement

Mike Slaughter moved with a second from Willa Poynter that the board approve the following Genetic Improvement Model Program applications. The motion passed by voice vote.

<i>County</i>	<i>Appl #</i>	<i>Project Name</i>	<i>CountyFunds</i>
Bullitt	20265	Bullitt County Cattlemen's Assoc.	\$25,000.00
Calloway	20269	Calloway County Conservation District	\$5,000.00
Grant	20305	Grant County Cattlemen's Assoc.	\$50,000.00
Greenup	20273	Greenup County Farm Bureau	\$57,750.00
Jessamine	20384	Jessamine County Beef Cattle Assoc.	\$7,000.00
Oldham	20242	Oldham County Farm Bureau Federation	\$18,000.00
Todd	20297	Todd County Cattle Genetics Program	\$8,000.00

Summary for 'ProgramorDescription' = Genetic Improvement (7 detail records)

Sum \$170,750.00

Goat Diversification

Sam Moore moved with a second from Susan Harkins that the board approve the following Goat Diversification Model Program applications. The motion passed by voice vote.

<i>County</i>	<i>Appl #</i>	<i>Project Name</i>	<i>CountyFunds</i>
Daviess	20321	Green River Area Development District	\$20,000.00
Jackson	20307	Eastern KY Goat Producers, Inc.	\$10,500.00
Jessamine	20316	Jessamine County Beef-Goat Program	\$12,500.00

Summary for 'ProgramorDescription' = Goat Diversification (3 detail records)

Sum \$43,000.00

Project Review Committee Reports:

Vickie Yates Brown and Sam Lawson presented the Committees' reports. The Review Committees met on May 10, 2002, and made the following recommendations:

Projects Recommended for Funding

20039 Community Ventures Corporation

State Funds: \$708,750.00 County Funds: \$0.00

Ms. Brown moved with a second from Danny Case that the board adopt the committee's

recommendation to approve projects 20039. The motion passed by voice vote.

20303 Wayne County Pork Producers

State Funds: \$0.00

County Funds: \$2,000.00

Ms. Brown moved with a second from Susan Harkins that the board adopt the committee's recommendation to approve projects 20303. The motion passed by voice vote.

20317 Hopkins County Conservation District

State Funds: \$0.00

County Funds: \$13,434.00

Ms. Brown moved with a second from Danny Case that the board adopt the committee's recommendation to approve projects 20317. The motion passed by voice vote.

520 Kentucky Wool Society LLC

State Funds: \$46,385.00

County Funds: \$0.00

20344 Kentucky Wool Society LLC

State Funds: \$0.00

County Funds: \$3,000.00

20357 Kentucky Wool Society LLC

State Funds: \$0.00

County Funds: \$5,000.00

Mr. Lawson moved with a second from Susan Harkins that the board adopt the committee's recommendation to approve projects #520, #20344, and #20357. The motion passed by voice vote.

20183 Apolmmune

State Funds: \$1,005,000.00

County Funds: \$0.00

Mr. Lawson introduced Mr. Bill Pearce, President and CEO and Dr. David McClure, Senior Scientist at Apolmmune and asked them to explain the project to the Board.

There was a great deal of discussion and board members had numerous questions.

Mr. Lawson moved with a second from Wayne Hunt that the board approve funding in the amount of \$255,000 for the production of three of Apolmmune's therapeutic proteins in tobacco by Large Scale Biology Corporation and the use of those proteins in determining the effectiveness of producing such material within tobacco seed. The motion passed by voice vote.

20196 Muhlenberg Bremen Elementary School

State Funds: \$0.00

County Funds: \$9,300.00

Mr. Lawson moved with a second from Dean Smith that the board adopt the committee's recommendation to approve project #20196. The motion passed by voice vote.

20201 Spencer County Soil Conservation District

State Funds: \$0.00

County Funds: \$4,250.00

Mr. Lawson moved with a second from Dean Smith that the board adopt the committee's recommendation to approve project #20201. The motion passed by voice vote.

20244 Washington County Conservation District

State Funds: \$0.00 County Funds: \$6,425.00

Mr. Lawson moved with a second from Susan Harkins that the board adopt the committee's recommendation to approve project #20244. The motion passed by voice vote.

20250 Calloway County Conservation District

State Funds: \$0.00 County Funds: \$2,000.00

Mr. Lawson moved with a second from Sam Moore that the board adopt the committee's recommendation to approve project #20250. The motion passed by voice vote.

20263 Mercer County Conservation District

State Funds: \$0.00 County Funds: \$2,245.00

Mr. Lawson moved with a second from Sam Moore that the board adopt the committee's recommendation to approve project #20263. The motion passed by voice vote.

Amendments:

Central Kentucky Growers Coop budget amendment:

David Bratcher advised that in the original budget the board had approved \$20,000 for purchase of bin boxes. The coop requests a budget amendment that will allow that \$20,000 to be used for the construction of a shed which will house incoming product while it is awaiting grading and sorting.

Sam Lawson moved with a second by Danny Case to approve the amendment. The motion passed by voice vote.

Kentucky Horticulture Council budget amendment:

Jeff Mosley advised that the Hort council requested to reduce the Supplies and Materials budget by \$5,000 in the first year and use those funds to cover a portion of the Council's administrative costs.

Sam Lawson moved with a second by Smith Mitchell to approve the amendment. The motion passed by voice vote.

Monroe County Vegetable Growers Coop amendment:

Bill McCloskey explained the proposed amendment as follows:

The ADB approved \$14,550 at the September 2001 ADB meeting for eight farmers representing themselves as the Monroe County Vegetable Growers Cooperative (See attachment Recommendations for Funding). They decided not to form a cooperative. Presently, nine farmers are working together and intend to invest the ADB funds as outlined in their application (See attached budget). The \$8,350 of ADB funds will be spent on sprayers, irrigations pumps and supplies. The \$5,400 dedicated to marketing

costs will be used to pay for advertisement, web page development, signs and logos for boxes and vegetables. It will also be used to offset some of the marketing fees that can be incurred when selling vegetables.

The applicant has requested the funds be disbursed to Pebblebrook Farms, Inc. rather than the Monroe County Vegetable Growers Cooperative as represented to the Board at the September ADB meeting. The funds are for the same usage as represented in the application. Ken Johnson who is one of the original members of the proposed cooperative owns Pebblebrook Farms, Inc. Ken Johnson is listed as the authorized representative on the Kentucky Agricultural Development Fund Application Form. The staff believes the request to change the recipient of the funds is significant enough to warrant bringing this matter to the attention of the ADB.

On May 10 the blue project review committee recommended that the original applicants form a legal entity that ensures equal ownership participation in said project pursuant to the original representation made by the applicant in the original application.

Danny Case moved with a second from Susan Harkins that the board adopt the committee's recommendation that no funds be released until the original applicants form a legal entity. The motion passed by voice vote.

Kentucky Thoroughbred Owners and Breeders amendment:

When approved for funding, Scott County had agreed to invest \$10,000 in county funds but has decided not to invest county funds in the project; however, Jessamine County has voted to invest \$10,000 in the project. Staff recommends approval.

Sam Lawson moved with a second from Danny Case to approve the amendment. The motion passed by voice vote.

Projects Recommended for No Funding:

Mr. Lawson moved with a second from Wayne Hunt that the following projects receive no funding. The motion passed by voice vote.

<i>App #</i>	<i>Project Name</i>	<i>Application County</i>	<i>Reason for Denial</i>
675	Bullitt County Farm Bureau	Bullitt	Insufficient Match
781	Thoroughbred Shrimp Company	State	Insufficient Match
20049	Kentucky Sheep and Wool Producers	State	Other Programs Available
20136	Taylor County Dead Animal Removal	Taylor	Revised Application Submitted
20137	Central KY Meat Goat Assoc.	Taylor	Low Priority From County
20138	Green River Cattle Handling Facilities	Taylor	Medium Priority from County
20139	Green River Beef Genetic	Taylor	Medium Priority from County
20140	Taylor County Forage Improvement	Taylor	County Council Ranking
20185	Amerson Farm Orchard	State	Limited Scope
20212	Thomas B. Lawhon Jr.	Owen	County Council

20215	Adair County Ambulance Service	Adair	Ranking County Council
20228	Sheltered Risks Inc.	State	Ranking Limited Economic Impact
20241	Bowling Green BurleyTobacco Growers	Warren	Does not fit ADB investment philosophy
20243	Ricky and Angela Davis	State	Limited Economic
20260	Walnut Groves Farm	Greenup	County Council Ranking
20277	William T. Young	Jefferson	Limited Scope
20278	Advanced Forage Systems, LLC	Daviess-State	County Council Ranking
20281	Elliot Farms	Daviess	County Council Ranking
20282	Murphy Farms	Daviess	County Council Ranking
20284	Partners for Family Farms	Fayette	Insufficient Match
20285	Partners for Family Farms	State	Insufficient Match
20287	Boyle County Fiscal Court	Boyle	County Council Ranking
20315	Kentucky Thoroughbred Owners and Breeders	Jessamine	County Council Ranking
20325	Carson Park Board	State	Limited Economic

With no additional business before the board, the meeting adjourned at 1:00PM.